

# Nortel Disabled Workers Lose Bid for Hearing on Settlement

By Joe Schneider

June 4 (Bloomberg) -- A group of about 40 disabled [Nortel Networks Corp.](#) workers lost a bid for a hearing at Ontario's highest court to overturn approval of a settlement with the company that extends their benefits until the end of the year.

The Court of Appeal for Ontario yesterday denied the group's request for a hearing, without giving a reason.

"It's definitely a lot of bad news for this group," [Joel Rochon](#) of Rochon Genova LLP, who represents the disabled workers, said in a phone interview today. "The pressure is now on the federal government to take appropriate steps to get these bills passed to protect these workers."

Ontario Superior Court Judge [Geoffrey Morawetz](#) approved the C\$57 million (\$54 million) settlement on March 31 after Nortel removed a provision that allowed pensioners and disabled employees to seek higher standing among [creditors](#) if federal bankruptcy rules changed. The judge, who rejected a proposal that included that provision on March 26, said it was unfair to other creditors.

Canada's opposition parties have introduced proposals to change bankruptcy law so that former employees of companies that seek court protection don't lose pensions and disability benefits.

Nortel, based in Toronto, was North America's biggest maker of telecommunications equipment. It has been auctioning its [assets](#) since filing for bankruptcy protection in Canada and the U.S. in January 2009.

Nortel Threat

[Nortel](#) had threatened to stop paying benefits to about 19,500 former workers and 300 employees on disability after March 31 unless the deal was approved. Under the settlement, workers who were fired also will get as much as C\$3,000 severance pay.

Rochon had urged Morawetz to order Nortel to keep paying the benefits while the deal was renegotiated by the group representing long-term disabled workers.

[Diane Urquhart](#), a financial analyst assisting the group, said in court documents that employees who earned C\$50,000 a year before becoming disabled might be left to live on C\$13,700 a year starting in 2011.

The case is In re Nortel Networks Corp., M38748, Court of Appeal for Ontario (Toronto).

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